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Legislative Update

Commercial Bank Assets in the U.S.

On page 2-6 of this issue of Update & Reports we present a background report on possible legislation involving interstate and interstate regional banking. The data below, gathered from the Department of Commerce and the U.S. Census, shows the relative sizes of assets available to banks in this country:

Commercial Bank Assets

In Millions of Dollars

(Southern Region States in CAPITALS)

Alaska	2,460	Kansas	18,231
Vermont	2,523	Colorado	18,489
New Hampshire	3,616	ALABAMA	18,601
Maine	3,676	KENTUCKY	21,934
Wyoming	3,789	Washington	24,172
Nevada	4,055		
Delaware	4,403	GEORGIA	25,098
Idaho	5,477	TENNESSEE	26,033
Montana	5,734	NORTH CAROLINA	26,234
Hawaii	5,830	VIRGINIA	26,581
North Dakota	6,081	Oklahoma	27,831
New Mexico	6,801	Wisconsin	27,974
Iowa	7,214	LOUISIANA	28,310
Utah	7,422	Massachusetts	32,057
Rhode Island	7,706	Minnesota	32,270
DIST. OF COLUMBIA	7,979	Indiana	34,231
South Dakota	7,994	New Jersey	37,802
SOUTH CAROLINA	8,695	Missouri	38,056
WEST VIRGINIA	11,253	FLORIDA	51,382
ARKANSAS	12,314	Michigan	54,116
MISSISSIPPI	12,745	Ohio	58,116
Nebraska	12,910	Pennsylvania	89,591
Oregon	13,890	Illinois	124,269
Connecticut	14,419	Texas	133,896
Arizona	14,673	California	199,391
MARYLAND	17,122	New York	274,464

The total amount of bank assets for the Southern Region is \$268,047 millions--which is not quite the amount available to New York State Banks alone. Texas has the greatest number of banks with 1,529; Hawaii and Alaska tie for fewest banks--12 each. The total number of banks in the Southern Region is 2,763.

South Carolina Officials Score Well

On Poll About Nuclear Waste Policy Act of 1982

In the latest issue of State Government Stephen A. Graham of Indiana Central University reports on The Nuclear Waste Policy Act of 1982. The title of his article is "A Case Study in the New Federalism," and in his discussion of the federal-state-local relationships for management of nuclear wastes he surveyed officials in S.C. on their knowledge of the Act. They did very well indeed.

The Nuclear Waste Policy Act (NWPA) of 1983 is designed to "establish the federal responsibility and a definite federal policy for nuclear waste management." In addition the NWPA requires the secretary of energy to: 1) provide information to the governor and legislature of states where nuclear waste may be stored; 2) "consult and cooperate" with states to resolve their concerns about storage sites and their effects; 3) negotiate with and enter into written agreements with states in which nuclear waste depositories may be located.

Graham points out that "the major political problem addressed by the NWPA is how to build public confidence in the nuclear waste decision-making progress." He notes that, "until a waste repository site is actually selected, we will not know whether the NWPA has in fact established the public confidence necessary for a successful national radioactive waste management program." (p. 9)

To assess the knowledge and opinions of public officials, Graham surveyed 48 state and local officials in South Carolina on the NWPA and related matters. The survey was done in June, 1983.

The following groups were surveyed: 11 elected state officials--senators and representatives from Aiken, Allendale, Barnwell and Bamberg counties. Thirteen appointed state officers, either part-time, unpaid members of the State Development Board, Governor's Nuclear Advisory Council, Water Resources Commission, Wildlife and Marine Resources Commission, Public Service Commission, or full-time staff of those bodies. Thirteen local elected officials--mayors, city and county councilmen. Eleven appointed officials--clerks, managers or administrators, tax assessors, police chiefs, emergency preparedness coordinators.

The first question was "Have you heard or read about the Nuclear Waste Policy Act of 1982?" Forty-one respondents (85%) answered yes. Ten out of eleven elected state officials had heard of the NWPA.

The second question was "If you have heard about the NWPA, are you generally familiar with its provisions?" Of the 41 who had heard of the Act, 32 (78%) were aware of its contents. Seven out of 10 elected state officials were familiar with the Act.

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Another question concerned who should have responsibility for radioactive waste management. Twenty-five respondents (52%) said it should be shared between federal, state and local governments. Eighteen (38%) of those surveyed thought the federal government should take primary responsibility. Four respondents (8%) placed responsibility on the state, while one respondent distinguished between interim and permanent storage.

A fourth question asked how responsibility should be shared among governments. Thirteen of the respondents said all levels of government should share in administration and funding. Five said the federal government should fund nuclear waste management while state and local governments should have legal authority over nuclear waste.

Three respondents make a distinction between high-level and low-level nuclear waste, and thought the federal government should handle high-level wastes while states looked after low-level waste. Funding for dealing with low-level wastes should be provided by generators of that waste.

In his conclusion, Graham points out that there was some "lack of consensus" among the officials responding. On the other hand, he concludes that: "the respondents do have a rather sophisticated understanding of nuclear waste management issues. Most were generally familiar with an exceedingly complex federal statute which was only six months old at the time of the survey. Moreover, they were aware of intergovernmental relations of radioactive waste management and they had opinions about which government should be responsible for which aspect of waste management." (p. 10)

Source: State Government, Vol. 57, No. 1, published
by the Council of State Governments, Lexington, Ky.

Social Worker Licensure*

Will the sun set on the Board of Social Worker Registration or will the legislature expand the powers and responsibilities of the Board? The Legislative Audit Council has conducted a study under the Sunset Law Act of 1978, and recommended termination of the Board of Social Worker Registration as it functions today. Alternatively, a bill (H.2310 / S.186) has been introduced to enhance the Board's powers and abilities to license social workers and to regulate the practice of social work. This report:

- 1) examines the current limitations of the Board,
- 2) summarizes the proposed legislation,
- 3) reviews some arguments, pro and con, on licensing social workers,
- 4) lists South Carolina colleges offering social work programs,
- 5) enumerates State minimum qualifications for social workers,
- 6) and briefly describes social worker regulations in other states.

The Situation At Present

State law currently provides only for voluntary registration of social workers. The Board requires social workers to have a master's degree in social work (MSW) or to be a member of the National Association of Social Workers (NASW). It has been said that the Board really has no regulatory control over practicing social workers.

The authority of the Board is restricted only to the protection of the title "Registered Social Worker" and does not regulate the practice of social work.

It is often difficult to reach the Board for information or to file complaints--at present, there is not even a listed telephone number for the Board.

The State's Sunset Law requires that a regulatory board shall demonstrate a public need for its continued existence. The Legislative Audit Council says that the Board of Social Worker Registration does not meet the criteria of a regulatory board, which is to examine, license, and enforce regulations and ethical conduct, and therefore, it should be terminated.

The Legislative Audit Council recommends that if the Board is to be reinstated these deficiencies should be rectified.

* This Report was prepared by Patti Knoff of USC with assistance from the staff of the Medical, Military, Public & Municipal Affairs Committee.

The Board of Social Worker Registration, recognizing its own inabilities, supports licensing legislation as suggested by the NASW, the House Committee on Medical, Military, Public and Municipal Affairs, and passed by the Senate.

In short, the choices are to either terminate the Board or to strengthen its powers. H.2310 and its companion bill, S.186 propose the latter.

Summary of H.2310/S.186

This bill changes the composition of the Board of Social Worker Registration, more broadly defines the powers and duties of the Board, regulates social workers more stringently, and repeals the authority of the Board to require continuing education as a requirement of license renewal.

More specifically, the bill would make the following changes in the law:

40-63-10

Establishes the qualifications of the members of the board and extends the term of service from three to four years. It also further defines the conditions for a member being removed by the Governor.

40-63-20

This section changes the titles of the officers of the Board and allows the Governor to deputize a qualified individual to replace a disqualified member in order to maintain a quorum.

40-63-30

Provides the Board immunity for official actions and provides for enforcement of the Board's subpoena powers.

40-63-40

Specifies accounting and reporting procedures of the Board. Fees etc. must be levied to sufficiently cover the amount appropriated by the General Assembly for compensation and implementation costs of the Board.

40-63-50

Protects the use of the various titles granted by the Board. Only those who meet the appropriate qualifications and requirements may be regarded as a "Licensed Baccalaureate Social Worker," "Licensed Master Social Worker," or "Licensed Independent Social Worker." It would be a misdemeanor for any one to represent him/herself as a social worker, to represent his / her services as social work or to use a title intending to convey that s/he is a professional social worker.

40-63-60

Carefully defines the practice of social work, including values, principles and methods. For example, counseling, general assistance, referral services, community development, assist persons in meeting basic human needs, and helping to improve the system.

40-63-70

Establishes the qualifications and requirements necessary for applicants for licensure. This section creates three types of licenses, each requiring a specific degree in social work and the passage of an exam conducted by the Board.

Currently there is only one title conferred by the Board, "Registered Social Worker." This requires a Master's degree in social work or membership in the NASW, and no exams are necessary.

40-63-75

Provides for the grandparenting in of persons currently practicing social work.

40-63-80

Discusses renewal procedures, but more importantly, this section states that the Board may require continuing education of every person so licensed. Currently the Board shall require continuing education as a condition for renewal of registration.

40-63-90

Allows the use of the appropriate title following the qualified licensee's name, and requires the display of such license in a prominent place in his/her office or place of employment.

40-63-100-120

These sections deal with legal aspects of filing and investigating complaints, and defining misconduct, disciplinary reprisals, and procedural rights of the accused. This section, in effect, empowers the Board with greater regulatory control over licensed social workers.

40-63-130

Lists those persons who are exempt or not restricted by the provisions set out in this chapter. For example, hospital personnel and other professionals who perform services similar to social work.

40-63-140

Allows the Board to issue temporary licenses to those who agree to obtain the necessary educational requirements within two years.

Arguments For Licensing

- 1) Licensing establishes criteria which ensures quality social work services and therefore protects the public from harm caused by incompetent or improper practice.
- 2) Licensing establishes and protects consumer and clientele rights.
- 3) Licensing raises service standards.
- 4) Licensing establishes public accountability.
- 5) The licensing board provides a forum for citizens to lodge and remedy complaints.
- 6) Licensing boards are fiscally self-sufficient.
- 7) The grandparenting clause and the various exemptions do not restrict current practitioners.
- 8) It is within the State's police power and duty to protect its citizens.

Arguments Against Licensing

- 1) Licensing serves only to enhance the status of social workers and does not necessarily serve the public's interest.
- 2) Licensing fees are just another form of taxes.
- 3) Entry requirements may limit the supply of social workers in relation to demand and drive prices up.
- 4) Entry requirements can be racially discriminatory.
- 5) Licensing creates a professional monopoly that is unresponsive to the public.
- 6) Licensing, which may raise the costs of services, discriminates against low income consumers with higher prices and the denial of lower cost services.
- 7) Human services work is impossible to define succinctly; therefore, many loopholes exist and enforcement becomes impossible.
- 8) A licensing board is not necessary because each hiring agency should be responsible to screen competent applicants.

Colleges Offering Social Work Education In South Carolina

There are six schools in South Carolina that offer a baccalaureate degree in social work; Benedict College, Columbia College, Erskine College, Limestone College, South Carolina State College, and Winthrop College. The University of South Carolina is the only institution which offers a Master's degree in social work. Of these seven schools, Benedict, Columbia, and Winthrop Colleges and U.S.C. have been accredited by the National Council on Social Work Education

Minimum Requirements For Social Workers In South Carolina

An exam is required for Social Service Worker I for State employees and Richland County employees. This position also requires a baccalaureate degree in social work (BSW), OR any other baccalaureate degree (BA) plus six months qualifying experience, OR an associate degree with 6 credit hours toward a BSW and 2 years experience.

Social Service Worker II requires a MSW, OR a BSW and 6 months experience, OR a BA and 1 year experience, OR an associate degree and 2 years experience.

State Social Worker I requires a BA, preferably in a behavioral science.

State Social Worker II requires a MA, preferably in a behavioral science, OR a BA in a behavioral science, preferably in social work, and 1 year qualifying experience, OR a BA in any field and 2 years experience.

State Social Worker III requires a MSW, OR a MA, preferably in a behavioral science and 1 year experience in performing casework comparable to Social Worker II, OR a BA, preferably in social work and 3 years experience in casework.

State Social Worker IV requires a MA, preferably in social work and 2 years experience performing social work functions comparable to Social Worker III.

State Social Worker V requires a MA, preferably in social work and 2 years experience performing social work functions comparable to Social Worker IV, OR a MA plus 2 years of experience in supervising or administering casework activities of a staff engaged in complex and diverse services.

Social Worker Requirements In Other States

Twenty-nine states have some type of social worker legislation. Fourteen states grant licenses to practice social work. Thirteen states register or certify social workers. Two states combine licensure and registration. The titles granted across the states are numerous. Educational requirements primarily require a MSW. Some allow a BSW and a few allow an associate degree. Several states require at least 2 years experience for their upper level social workers. Most states require an exam. Renewals of registration and licensure are required annually to every three years

Conclusion

All in all, the overall effect of licensing social workers will depend on the perceived costs to the community and prospective social workers compared to the social gain from the proposed increased levels of competence in social work.

At issue is whether to terminate the Board of Social Worker Registration, if it is believed unnecessary, or to reinforce its powers to protect the public. A bill (H.2310 / S.189), briefly outlined here, supporting the latter alternative is on the House Calendar for Special Order immediately following second reading consideration of the Spending Limit package.

Interstate Banking*

Summary

A recent relaxation of federal restrictions by the enactment of the Douglas Amendment to the Bank Holding Company Act permits qualifying banks and bank holding companies to engage in acquisitions or mergers with other banks or bank holding companies across state lines. The federal McFadden Act has not been relaxed, however, and therefore interstate bank branching will continue to be prohibited. Federal law will prohibit interstate banking unless individual states invite out-of-state banks and bank holding companies to make acquisitions.

It is widely believed, given recent developments, that interstate banking is inevitable. A Labor Commerce and Industry Committee Bill (H.3743) addresses the appropriate form and structure of interstate banking for South Carolina.

Background of interstate banking

Interstate banking first emerged in the northeast, as Massachusetts, Maine, Connecticut and Rhode Island entered into a regional agreement to permit banks and bank holding companies to acquire interests across state lines. Massachusetts and Connecticut in particular favored a regional system that would exclude large, powerful New York banks such as Citicorp.

Maine, the first state to pass interstate banking legislation, has since repealed its reciprocity clause to encourage outside banks, especially the New York banks, to enter the state. The apparent feeling is that the value of additional in-coming capital will offset the possibility of out-of-state takeovers from beyond the region.

Such a feeling is not shared in Florida, where events in 1983 precipitated the current move towards Southern Regional interstate agreements. The powerful Citicorp Bank of New York made an imposing effort to influence the Florida Legislature into passing a law inviting out of state banks (including New York ones) into Florida. Citicorps hired a number of lobbyists, including a former Governor, and was lavish in its donations to groups and organizations. Worried Florida bankers, fearful Citicorp would drain their capital for foreign investments, joined with Governor Graham to block the legislation.

* This Research Report was prepared in part by Patti Knoff of USC and the House Office of Research.

Next followed discussions between bankers and state officials in Florida, Georgia and North Carolina, working towards developing an interstate banking system in the South that could fend off the advances of powerful New York institutions.

Georgia was anxious to develop such a system because Atlanta banks were in a precarious position. As Arnold Danielson points out in an article in The Southern Banker, the South's largest banks are concentrated in Texas and Florida, while Atlanta banks have been declining in importance. Citizens and Southern, for example, was one of the four largest banks in the South in 1970; by 1982 it had fallen to 14th place.

Without regional protection, Atlanta-based banks might be quickly absorbed by larger institutions under unrestricted interstate banking. On the other hand, as Danielson goes on to note, regional interstate banking could allow development of a Georgia-Carolinas financial axis or a Florida-Georgia axis. Either of these would protect the position of Atlanta banks, and at the same time those banks allied with them.

In the legislation as proposed, Texas is excluded from the Southern Region. This means that the four largest banks in the Southern Region are located in Florida or have a substantial portion of their assets in Florida. Even so, Florida-based banks are seen by many analysts as much less of a threat than Texas or New York banks.

Purpose of H.3743

The governors of several Southern states have conferred and agreed to urge establishment of an interstate banking system in the Southern Region. Bill H.3743 in effect will enable South Carolina to participate in interstate banking restricted to the thirteen Southern states and District of Columbia.

The Southern Region consists of: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, West Virginia and the District of Columbia.

The Committee bill also allows savings and loan institutions to merge and credit unions to branch across state lines into those states with reciprocal legislation. The reciprocity clause allows such transactions only with banks, bank holding companies and savings and loan institutions in states that have similar legislation.

The main requirement for qualification for a merger or takeover is that 80% of the acquiring banks' total deposits must be held by S.C. or Southern Region subsidiary banks. Most transactions would have to obtain approval by the State Board of Financial Institutions. The bill, if enacted, would become effective July 1, 1986.

Need for Southern Region interstate banking

South Carolina is a capital poor state. In fact, according to a professional study conducted by Golembe Associates, commercial bank deposits per capita in this state are the lowest in the nation.

As a Sunbelt state, South Carolina is experiencing tremendous population growth. If these people are to find employment, rapid economic growth is necessary. An important factor attracting incoming and stimulating new industry is the availability of sufficient capital. Interstate banking will enhance the flow of funds in the Southern Region. South Carolina will be able to tap capital from other states to finance new and expanding industries.

Regional banking affiliations can make more money available to both small and large businesses since loan-assets ratios of larger banks tend to be higher than for smaller banks.

Regional banking affiliations will also establish strong Southern based banks with the national image necessary to attract industry to the region—including South Carolina.

Regional banking creates economies of scale for more sophisticated and specialized financial services that are desirable to an advancing economic community.

There are fears that such bank acquisitions will drain S.C. of its resources, but since the state is capital poor this seems unlikely.

It has been suggested by a Business Administration professor that regional banking affiliations will not disrupt local banking institutions who can provide such traditional services as checking, personal savings, and small household loans to their clients at lower costs than the larger affiliates.

The establishment of a Southern Regional banking system will prohibit New York-type banks from entering the region and provide for orderly and progressive growth.

It is generally thought that the State should act promptly in establishing its interest in regional interstate banking. If it does not, a good number of financial alliances may be formed among the states which do pass such enabling legislation leaving South Carolina out in the cold.

Georgia has passed such reciprocal legislation, but it does not include provisions for Savings and Loan institutions, nor credit unions. North Carolina and Florida are likely to pass similar legislation this year, for reasons which have been mentioned above.

Possible results of regional interstate banking

Mr. Danielson, in his article on interstate banking in Southern Banker, provides some possible effects of such a system. He examined the cases of New England, and of Pennsylvania, where statewide banking exists in such a variety of settings that it closely resembles a regional system. Danielson's conclusions are:

First, the largest banks will try to make major acquisitions, and may even merge with each other. These actions will place them in a position to repel any potential unfriendly takeover moves. They will also acquire the needed resources to engage in truly interstate banking.

Second, the "second tier" banks, those in the middle size range, will either sell out to larger banks or establish "equal" mergers among themselves to avoid takeover. In an "equal" merger neither party dominates the arrangement.

Third, the second tier banks will find such "equal" mergers increasingly difficult to arrange. Such mergers are often complicated to establish anyway, and some second tier banks will be absorbed by the large banks, thus reducing the number of available merger partners. As a result, the second tier banks will in turn begin a pattern of acquiring the smaller banks, thus fortifying themselves against takeovers.

Conclusion

According to its supporters the effect of regional interstate banking will be increased access to capital in a controlled and monitored region. It appears inevitable that regional interstate banking is coming. Those banks and bank holding companies who get the earliest starts will have more opportunities for growth and fewer dangers of takeovers.

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